



GrowJobsCT

MANUFACTURING MAKES CT'S FUTURE

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Testimony of GrowJobsCT Health Initiative
Regarding Raised Bill No. 7314

An Act Establishing the State Health Insurance Purchasing Pool Program

Labor and Public Employees Committee
March 8, 2007

Senator Edith Prague and Representative Kevin Ryan, and members of the Committee, my name is Laurie Julian with GrowJobsCT Health Initiative. GrowJobsCT Health Initiative supports H. B. No. 7314 to address the rising costs of health care insurance in order for Connecticut to economically compete.

GrowJobsCT is a unique coalition, uniting business, labor and community interests, as well as elected representatives to work on sustaining manufacturing jobs in Connecticut. The manufacturing industry employs over **193,000** workers and each manufacturing job creates 1-5 other jobs. 92% of Connecticut's manufacturers employ less than 100 workers.

Health care and jobs are inextricably linked and a determining factor in business decisions whether to hire, relocate or close manufacturing facilities. Since 1995 health benefit costs have more than doubled and are expected to increase another 10% or more annually.

Despite the spiraling cost of health benefits, 75 % of manufacturers provide health benefits and find it necessary to attract a qualified workforce. Unfortunately, these uncontained costs strain employers who compete globally. In countries with a universal health system, health costs are not factored into production costs. For example, health care costs add about \$1,000 to the price of each car manufactured by US automakers.

By pooling a larger group of individuals and distributing the risk, we believe H.B. 7314 will lower premiums. The reinsurance component in Section 15, adds an additional safety mechanism to distribute risk. Coordinated with H.B. 6678's medical loss ratio, the overall price of health insurance can be controlled. Because insurers set aside a minimum percentage of premium dollars that must be spent on medical care as opposed to administrative costs, consumers will be assured their premiums are going to pay for medical claims. Additional approaches to regulate and oversee the costs of health insurance such as requiring insurers to justify how their rates are calculated and market conduct examinations by the Insurance Department for rate increases would also control prices. Lastly, overseeing and preventing adverse selection to assure that the health

insurance market does not separate healthier individuals into some plans and sicker individuals into other plans.

In closing, we commend policymakers for making access to health care a top priority. Affordable premiums are critical for businesses to stay competitive and attract and keep skilled employees. We therefore urge you to favorably pass this bill out of committee to make insurance premiums affordable and thereby expand health care coverage.

GrowJobsCT appreciates the opportunity to provide this testimony. Please feel free to contact Laurie Julian at (860) 828-0359 if you have any questions or comments.